

7.0 FEASIBILITY/FINANCIAL **PLAN**

7.0 FEASIBILITY/FINANCIAL PLAN

This chapter analyzes the financial feasibility of the phased Capital Improvement Program (CIP) presented in Chapter 6 of this document and summarized in Section 7.2 of this chapter. Specifically, this chapter examines the financial structure of the Airport and proposes a financial plan that identifies potential sources of funds for the CIP. The chapter also assesses the impacts on operating funds of undertaking the proposed CIP.

Capital projects at the Airport will be undertaken when demand warrants, rather than in accordance with a projected schedule developed in advance in the Master Plan Update. Further, the actual financing of capital expenditures will be a function of Airport financial circumstances at the time of project implementation. For example, a bond issuance would only be used if the actual level of Airport earnings and reserves, as well as federal entitlement and discretionary grants available at that particular time were insufficient to meet project costs.

The assumptions and analyses prepared for the Master Plan Update must be reviewed in the context of their primary purpose, which is to examine whether there is a reasonable expectation that the recommended capital improvements will be financially feasible and implementable. Based upon these analyses, which include certain timing and financing assumptions, the recommended Master Plan Update CIP is projected to be financially feasible within the financial structure of the Airport as a self-sufficient enterprise fund within the City of Cincinnati (City). The Airport has historically been financially self-sufficient and the CIP contained herein is not projected to negatively impact financial operation of the Airport.

To present the results of these analyses, this chapter is organized as follows:

- Airport Financial Structure
- Phasing and Cost of the CIP
- Funding of the CIP
- Operating Expenses
- Revenues
- Application of Revenues

- Findings

Each of the above listed sections is discussed below.

7.1 Airport Financial Structure

Cincinnati was founded in 1788, chartered as a village in 1802, and incorporated as a City within Hamilton County in the State of Ohio in 1819. The City is a political subdivision of the State of Ohio. It is governed with the powers of home rule by a directly elected mayor with a four-year term and a council of nine members who are elected at large for two-year terms. Major revisions to the City Charter were approved by the voters in 1926 to provide for home rule and the council-manager form of government. In 2001, the City converted from a city manager-council form of government, through which it had operated since 1926, to a strong mayor-council form of government.

The City owns and operates the Airport as an enterprise fund within its financial structure. Generally, an enterprise fund is a fund that has been established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supporting by user charges. The annual budget for the Airport is approved by the Mayor and City Council and is supported by aircraft landing fees, fuel flowage fees, and revenues received pursuant to leases and operating agreements at the Airport. The City records its financial data on an accrual basis in accordance with Generally Accepted Accounting Principals (GAAP). As an enterprise fund of the City, the Airport is financially self-sustaining and does not receive any support in the form of City, Hamilton County, or State of Ohio tax dollars for its operating costs. However, the Airport has historically received grants from the FAA and the Ohio Department of Transportation (ODOT) to fund Airport capital costs. It is likely that the Airport will continue receive grants from Federal or other resources for its capital program.

The financial information presented in this chapter is in terms of the City's fiscal year, which begins each year on January 1st.

7.2 Phasing and Cost of the CIP

The phasing plan and cost estimates, based on a planning level of detail, were prepared to illustrate the timing and relative magnitude of the CIP expenditures.

7.2.1 Recommended Master Plan Capital Improvements

Approximately \$58.6 million in phased capital improvements are projected to be constructed at the Airport through 2022. **Table 7-1** lists the capital improvements projects that are recommended in the Master Plan Update for the Airport. These projects are also depicted on Exhibit 6-1, contained in Chapter 6. In addition, detailed project descriptions for the projects contained in the CIP are presented in Section 6.1 of this study.

7.2.2 Other Capital Improvements

The phased capital improvements identified in this Master Plan Update are generally necessary to accommodate projected demand or to enhance the safety of aircraft operations. In addition to such projects, the Airport has an active plan to maintain existing facilities, sustain the level of service provided to Airport patrons, and meet the needs of the community. These types of projects include such activities as non-FAA grant eligible Airport infrastructure projects, facilities improvements, and noise monitoring abatement projects.

TABLE 7-1 Cincinnati Municipal Airport-Lunken Field CAPITAL IMPROVEMENT PROGRAM ¹								
Number	Title	Target Completion Year ²	Units	Quantity	Unit Cost	Project Cost	Allowances ³	Total Cost ⁴
Phase I Development (2002-2006)								
1	Runway 7 Obstruction Removal	2005	LS	1	\$250,000	\$250,000	\$88,007	\$338,007
2	Relocate Airport Road	2005	SY	2,200	\$100	220,000	77,446	297,446
3	Relocate Runway 7 Threshold	2005	LS	1	\$100,000	100,000	35,203	135,203
4	Relocate North Airfield Bike Trail	2005	LS	1	\$280,000	280,000	98,568	378,568
5	Relocate North Airfield Security Fence	2005	LF	6,000	\$30	180,000	63,365	243,365
6	Relocate Golf Course Greens	2005	LS	1	\$150,000	150,000	52,804	202,804
7	Runway 3R Environmental Study	2005	LS	1	\$250,000	250,000	N/A	250,000
8	Terminal Parking Improvements	2006	Spaces	150	\$1,200	180,000	63,365	243,365
9	Noise Mitigation Signage	2006	LS	7	\$3,000	21,000	7,393	28,393
10	North Engine Maintenance Run-Up Area	2006	LS	1	\$370,000	370,000	130,251	500,251
11	South Engine Maintenance Run-Up Area	2006	LS	1	\$370,000	370,000	130,251	500,251
12	Airport Maintenance Building	2006	SF	10,000	\$65	650,000	228,818	878,818
Phase I Subtotal						\$3,021,000	\$975,471	\$3,996,471
Phase II Development (2007-2011)								
13	Runway 3R Site Preparation	2007	AC	34	\$10,000	\$340,000	\$119,690	\$459,690
14	Runway 21L Localizer Relocation	2007	LS	1	\$200,000	200,000	70,406	270,406
15	Runway 3R 899' x 150' Extension	2008	SY	15,000	\$100	1,500,000	528,043	2,028,043
16	Runway 3R Parallel Taxiway Connector	2008	SY	9,500	\$100	950,000	334,427	1,284,427
17	Airport Road Improvements	2008	LS	1	\$950,000	950,000	334,427	1,284,427
18	Taxiway 'H' Self-Fuel Island	2009	SY	3,300	\$100	330,000	116,169	446,169
Phase II Subtotal						\$4,270,000	\$1,503,162	\$5,773,162
Phase III Development (2012-2022)								
19	Terminal Area Access Improvements	2012	SY	9,300	\$80	\$744,000	\$261,909	\$1,005,909
20	Relocate Mid-Field Drainage Area	2013	CY	645,000	\$15	9,675,000	3,405,875	13,080,875
21	Additional Storm Water Pumps	2013	LS	2	\$400,000	800,000	281,623	1,081,623
22	Airport Perimeter Service Road	2014	SY	23,200	\$20	464,000	163,341	627,341
23	Relocation Taxiway 'C'	2015	SY	15,400	\$100	1,540,000	542,124	2,082,124
24	SASO/FBO Connector Taxiway	2016	SY	5,000	\$100	500,000	176,014	676,014
25	Runway 3L Connecting Taxiways	2017	SY	12,700	\$100	1,270,000	447,076	1,717,076
26	Runway 7 Connecting Taxiways	2017	SY	7,500	\$100	750,000	264,021	1,014,021
27	Relocate ATCT	2018	LS	1	\$1,500,000	1,500,000	528,043	2,028,043
28	Mid-Field Service Road	2019	SY	9,300	\$40	372,000	130,955	502,955
29	Runway 3R-21L Parallel Taxiway	2020	SY	26,900	\$100	2,690,000	946,957	3,636,957
30	Resurface Runway 3R-21L	2021	SY	102,000	\$25	2,550,000	897,673	3,447,673
31	Resurface Runway 7-25	2021	SY	55,000	\$25	1,375,000	484,039	1,859,039
32	Resurface Runway 3L-21R	2021	SY	42,200	\$25	1,055,000	371,390	1,426,390
33	Hangar 3 Relocation Support	2021	SY	15,000	\$80	1,200,000	422,434	1,622,434
34	Kellogg Avenue Land Acquisition	2022	AC	15	\$100,500	1,507,500	530,683	2,038,183
35	Airport Road Levee Relocation	2022	CY	315,000	\$25	7,875,000	2,772,224	10,647,224
36	East Airport Road Relocation	2022	SY	3,000	\$80	240,000	84,487	324,487
Phase III Subtotal						\$36,107,500	\$12,710,868	\$48,818,368
Total Capital Project Costs						\$43,398,500	\$15,189,500	\$58,588,000

¹ This phased capital improvement program only contains projects contained in the Master Plan Update that are responsibility of the City. It is likely that other projects will be implemented with private funds during the time period shown.

² The phasing of projects presented in this table are estimated based on projected activity and detailed yearly start dates to assist in the financial analysis presented in this chapter. It should be noted that the Master Plan Update CIP projects will not be implemented until the need for the project is identified.

³ Allowances include costs for contingencies (20 percent), as well as project mobilization (5 percent) and implementation (includes architecture, engineering, environmental, and program management at 10 percent).

⁴ The individual total project costs in this table differ from the individual project costs presented in Table 6-1 as a result of the addition of allowances on a by project basis rather than allowances being applied to the entire CIP.

Source: PB Aviation

Allowances have been included in this analysis during the projection period to account for these types of non-identified capital improvements. **Table 7-2** presents the annual capital expenditure allowances for actual 2002 and 2003, estimated 2004 and projected 2005 through 2022. The City provided the projected capital allowances for 2005 through 2010. The remaining projected capital allowances were developed using the average of these capital allowances projects from 2005 through 2010. These other capital improvement projects are not typically identified in a Master Plan Update; however, it is important that they be included in the context of the financial feasibility analysis to ensure the Airport's ability to undertake these projects as necessary.

TABLE 7-2 Cincinnati Municipal Airport-Lunken Field HISTORICAL AND PROJECTED CAPITAL ALLOWANCES				
Year		AIP Projects ¹	Capital Allowances	Total
Actual	2002	\$99,000	\$728,250	\$827,250
Actual	2003	\$72,000	\$224,993	\$296,993
Estimated	2004	\$250,000	\$500,000	\$750,000
Projected	2005	\$0	\$480,000	\$480,000
Projected	2006	\$0	\$320,000	\$320,000
Projected	2007	\$0	\$315,000	\$315,000
Projected	2008	\$0	\$325,000	\$325,000
Projected	2009	\$0	\$330,100	\$330,100
Projected	2010	\$0	\$335,700	\$335,700
Projected	2011	\$0	\$208,200	\$208,200
Projected	2012	\$0	\$208,200	\$208,200
Projected	2013	\$0	\$208,200	\$208,200
Projected	2014	\$0	\$208,200	\$208,200
Projected	2015	\$0	\$208,200	\$208,200
Projected	2016	\$0	\$208,200	\$208,200
Projected	2017	\$0	\$208,200	\$208,200
Projected	2018	\$0	\$208,200	\$208,200
Projected	2019	\$0	\$208,200	\$208,200
Projected	2020	\$0	\$208,200	\$208,200
Projected	2021	\$0	\$208,200	\$208,200
Projected	2022	\$0	\$208,200	\$208,200

¹ For purposes of this analysis. The Master Plan CIP contains all projected AIP funded projects.

Source: City Records (2002-2010)
PB Aviation (2011-2022)

7.3 Funding of the CIP

Section 7.2 of this chapter summarized the staged future CIP identified by the Master Plan Update. These future capital expenditures were then categorized according to potential funding sources, with the Airport-responsible projects (i.e., versus tenant funded projects) being the only focus of the feasibility analyses. **Table 7-3** contains the projected funding plan for the Master Plan CIP.

TABLE 7-3 Cincinnati Municipal Airport-Lunken Field CAPITAL IMPROVEMENT PROGRAM FUNDING PLAN							
Number	Title	Target Year	Total Project Cost	FUNDING SOURCES			
				Federal		Airport	
				Percent	Share	Percent	Share
Phase I Development (2002-2006)							
1	Runway 7 Obstruction Removal	2005	\$338,007	95.0%	\$321,107	5.0%	\$16,900
2	Relocate Airport Road	2005	297,446	95.0%	282,574	5.0%	14,872
3	Relocate Runway 7 Threshold	2005	135,203	95.0%	128,443	5.0%	6,760
4	Relocate North Airfield Bike Trial	2005	378,568	95.0%	359,640	5.0%	18,928
5	Relocate North Airfield Security Fence	2005	243,365	95.0%	231,197	5.0%	12,168
6	Relocate Golf Course Greens	2005	202,804	95.0%	192,664	5.0%	10,140
7	Runway 3R Environmental Study	2005	250,000	95.0%	237,500	5.0%	12,500
8	Terminal Parking Improvements	2006	243,365	0.0%	0	100.0%	243,365
9	Noise Mitigation Signage	2006	28,393	95.0%	26,973	5.0%	1,420
10	North Engine Maintenance Run-Up Area	2006	500,251	95.0%	475,238	5.0%	25,013
11	South Engine Maintenance Run-Up Area	2006	500,251	95.0%	475,238	5.0%	25,013
12	Airport Maintenance Building	2006	878,818	95.0%	834,878	5.0%	43,941
Phase I Subtotal			\$3,996,471	\$3,565,450		\$431,020	
Phase II Development (2007-2011)							
13	Runway 3R Site Preparation	2007	\$459,690	95.0%	\$436,705	5.0%	\$22,984
14	Runway 21L Localizer Relocation	2007	270,406	95.0%	256,885	5.0%	13,520
15	Runway 3R 899' x 150' Extension	2008	2,028,043	95.0%	1,926,641	5.0%	101,402
16	Runway 3R Parallel Taxiway Connector	2008	1,284,427	95.0%	1,220,206	5.0%	64,221
17	Airport Road Improvements	2008	1,284,427	95.0%	1,220,206	5.0%	64,221
18	Taxiway 'H' Self-Fuel Island	2009	446,169	95.0%	423,861	5.0%	22,308
Phase II Subtotal			\$5,773,162	\$5,484,503		\$288,658	
Phase III Development (2012-2022)							
19	Terminal Area Access Improvements	2012	\$1,005,909	0.0%	\$0	100.0%	\$1,005,909
20	Relocate Mid-Field Drainage Area	2013	13,080,875	95.0%	12,426,832	5.0%	654,044
21	Additional Storm Water Pumps	2013	1,081,623	95.0%	1,027,542	5.0%	54,081
22	Airport Perimeter Service Road	2014	627,341	95.0%	595,974	5.0%	31,367
23	Relocation Taxiway 'C'	2015	2,082,124	95.0%	1,978,018	5.0%	104,106
24	SASO/FBO Connector Taxiway	2016	676,014	95.0%	642,214	5.0%	33,801
25	Runway 3L Connecting Taxiways	2017	1,717,076	95.0%	1,631,222	5.0%	85,854
26	Runway 7 Connecting Taxiways	2017	1,014,021	95.0%	963,320	5.0%	50,701
27	Relocate ATCT	2018	2,028,043	95.0%	1,926,641	5.0%	101,402
28	Mid-Field Service Road	2019	502,955	95.0%	477,807	5.0%	25,148
29	Runway 3R-21L Parallel Taxiway	2020	3,636,957	95.0%	3,455,109	5.0%	181,848
30	Resurface Runway 3R-21L	2021	3,447,673	95.0%	3,275,289	5.0%	172,384
31	Resurface Runway 7-25	2021	1,859,039	95.0%	1,766,087	5.0%	92,952
32	Resurface Runway 3L-21R	2021	1,426,390	95.0%	1,355,071	5.0%	71,320
33	Hangar 3 Relocation Support	2021	1,622,434	95.0%	1,541,312	5.0%	81,122
34	Kellogg Avenue Land Acquisition	2022	2,038,183	42.5%	866,228	57.5%	1,171,955
35	Airport Road Levee Relocation	2022	10,647,224	95.0%	10,114,863	5.0%	532,361
36	East Airport Road Relocation	2022	324,487	95.0%	308,262	5.0%	16,224
Phase III Subtotal			\$48,818,368	\$44,351,789		\$4,466,578	
Total Capital Project Costs			\$58,588,000	\$53,401,743		\$5,186,257	

Source: PB Aviation

A description of estimated funding sources is presented in greater detail in the following paragraphs.

7.3.1 Federal Grants

In the past, Federal grants have played a central role in the funding of the Airport's capital expenditures. This is expected to continue in the future. Historically, most airfield projects have been eligible for 90 percent Airport Improvement Program (AIP) participation. This analysis increases this amount to 95 percent as a result of the higher participation level for nonprimary nonhub airports included in Vision 100-Century of Aviation Reauthorization Act, the AIP's most recent reauthorization legislation signed into law on December 13, 2003. As shown in Table 7-3, the CIP contains approximately \$53.4 million in project costs to be funded by Federal grants.

The Federal funding for these projects is either passenger entitlement grants or discretionary grants. Historically, the Airport has received approximately \$150,000 annually in entitlement grants. This level is assumed to continue in the future and is applied to the Federal share of project costs with the remaining share of project costs assumed to be provided by discretionary grants.

It is difficult to predict the actual levels of AIP discretionary grants that may be received by the Airport. Historically, the City has received discretionary grants in order to make improvements at the Airport that were viewed as priority projects by the FAA. For example, the amount of discretionary grants received at the Airport has ranged, depending on project needs, from \$250,000 in 2004 to approximately \$1.2 million in 1999. If discretionary grants are not received, the City must reevaluate the phasing of the CIP, or secure other funding sources.

7.3.2 Local Funds

The balance of project costs (i.e., after consideration of Federal grants) must be funded using local funds. Historically, these funds have been comprised of Airport resources, State grants, or other funds. The remainder of this section

discusses these funding sources and the assumptions used in applying these funds to the Master Plan Update CIP funding plan.

Historically, the City has received grants from the Ohio Department of Transportation (ODOT) to fund a half of the local share of AIP-eligible projects. Due to state budget constraints, these grants have not been available in recent years. As a result, ODOT grants are not assumed as a funding source in this analysis. If these grants are available in the future, the impact would be a decrease in the local share and an increase in the Airport's cash reserves.

Certain projects in the capital development program may not be eligible for Federal participation and have been identified as projects to be funded with other sources. These sources may include third-party developers or grants from sources other than the FAA. These projects might include projects that are not eligible for AIP funds such as hangars, as well as aircraft and automobile parking facilities. There is currently no assumption for the use of these types of funding sources for the CIP in this analysis. However, if necessary, the City may consider these types of funding sources if there is demand for a certain project and Federal funds are not available.

Airport enterprise fund earnings, reserves and accumulated cash balances are assumed to fund the balance of project costs after any Federal, ODOT, or other funds are applied. This practice is expected to continue in the future and is assumed for this analysis. The local share of the CIP and capital development plan is approximately \$5.2 million during the projection period. As previously mentioned, to the extent that sufficient funds are not available, the phasing of certain projects would be adjusted to meet the availability of funds. **Table 7-4** presents the projected amounts of annual local funding for the Master Plan Update CIP.

TABLE 7-4 Cincinnati Municipal Airport-Lunken Field PROJECTED MASTER PLAN PROJECT EXPENDITURES		
Year		Amount
Projected	2005	\$92,270
Projected	2006	\$338,751
Projected	2007	\$36,505
Projected	2008	\$229,845
Projected	2009	\$22,308
Projected	2010	\$0
Projected	2011	\$0
Projected	2012	\$1,005,909
Projected	2013	\$708,125
Projected	2014	\$31,367
Projected	2015	\$104,106
Projected	2016	\$33,801
Projected	2017	\$136,555
Projected	2018	\$101,402
Projected	2019	\$25,148
Projected	2020	\$181,848
Projected	2021	\$417,777
Projected	2022	\$1,720,541

Source: PB Aviation

7.4 Operating Expenses

Estimates of future operating expenses are based upon a review of historical trends, the anticipated effect of inflation (assumed at 4 percent), staffing requirements, and estimated impacts of facility improvements and expansions. In addition to increases for inflation, it was assumed that the personal services (salaries and employee benefits) and properties line items are increased at the end of each phase of the CIP (2007 and 2012) to account for any additional administrative expenses that may occur as a result of the implementation of the CIP. **Table 7-5** presents estimated operating expenses for the Airport for actual 2002 and 2003, estimated 2004, and projected 2005 through 2022.

TABLE 7-5 Cincinnati Municipal Airport-Lunken Field HISTORICAL & PROJECTED EXPENSES																
Category	Actual 2002	Actual 2003	Estimated 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011						
Personal Services	\$727,813	\$808,310	\$863,507	\$898,048	\$933,969	\$985,898	\$1,025,334	\$1,066,347	\$1,109,001	\$1,153,361						
Contractual Services	440,288	461,165	560,887	583,323	606,656	630,922	656,159	682,405	709,701	738,089						
Materials & Supplies	78,641	115,120	149,105	155,069	161,272	167,723	174,432	181,409	188,665	196,212						
Fixed Charges	75,403	60,492	105,106	109,310	113,683	118,230	122,959	127,877	132,993	138,312						
Properties	53,712	28,944	27,262	28,352	29,486	31,586	32,849	34,163	35,530	36,951						
Total Expenses	\$1,375,857	\$1,474,030	\$1,705,867	\$1,774,102	\$1,845,066	\$1,934,359	\$2,011,733	\$2,092,202	\$2,175,890	\$2,262,926						
Category	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022					
Personal Services	\$1,217,488	\$1,266,188	\$1,316,835	\$1,369,509	\$1,424,289	\$1,481,261	\$1,540,511	\$1,602,132	\$1,666,217	\$1,732,866	\$1,802,180					
Contractual Services	767,613	798,317	830,250	863,460	897,998	933,918	971,275	1,010,126	1,050,531	1,092,552	1,136,255					
Materials & Supplies	204,060	212,223	220,712	229,540	238,722	248,271	258,201	268,529	279,271	290,441	302,059					
Fixed Charges	143,845	149,599	155,583	161,806	168,278	175,009	182,010	189,290	196,862	204,736	212,925					
Properties	39,582	41,165	42,812	44,524	46,305	48,157	50,084	52,087	54,171	56,337	58,591					
Total Expenses	\$2,372,588	\$2,467,492	\$2,566,191	\$2,668,839	\$2,775,593	\$2,886,616	\$3,002,081	\$3,122,164	\$3,247,051	\$3,376,933	\$3,512,010					

Source: City Records (2002-2004)
PB Aviation (2005-2022)

As shown in the table, total Airport operating expenses were approximately \$1.5 million in 2003 and are estimated to be \$1.7 million in 2004. Operating expenses are projected to increase from \$1.8 million in 2005 to \$3.5 million in 2022, equivalent to an annual compounded growth rate of approximately 4.1 percent. A portion of the personal services expense is an allocation of expense from the City for its contribution to the benefits of the employees at the Airport. These costs include employee benefits and contributions to the retirement fund.

7.5 Revenues

Estimates of future Airport revenues for these analyses are based upon review of historical trends, projections of future Airport activity, the anticipated effect of inflation, and estimated impacts of facility improvements and expansions. **Table 7-6** presents estimated Airport revenues, including investment earnings, for actual 2002 and 2003, estimated 2004, and projected 2005 through 2022. As shown, revenues were approximately \$1.9 million in 2003 and are estimated to be \$1.8 million in 2004. Revenues are projected to increase from approximately \$1.9 million in 2005 to approximately \$4.2 million in 2022, which is equivalent to an annual compounded growth rate of approximately 4.7 percent from 2005 to 2022.

The Airport's largest source of revenue is fuel flowage fees. The fuel flowage fee is charged on per gallon basis to FBOs and other users at the Airport who sell and/or have fuel storage facilities at the Airport. The current fuel flowage fee is \$0.12 per gallon; however, if the fuel is purchased from an FBO, the fee collected by the City is \$0.06 per gallon. Historically, the share of total fuel consumption for the FBOs has been approximately 70 percent with the remaining 30 percent of total fuel consumption by other users. During the projection period, it is assumed that fuel consumption will increase 2.5 percent annually and the distribution of fuel consumption between FBOs and other users will remain the same. In addition, to account for inflation, it is assumed the fuel flowage fee will be increased by \$0.01 every five years with the first increase occurring in 2006 followed by additional rate increases in 2011, 2016, and 2021. For example, with the first projected rate increase in 2006, the Airport will begin to

TABLE 7-6 Cincinnati Municipal Airport-Lunken Field HISTORICAL & PROJECTED REVENUES											
Category	Actual 2002	Actual 2003	Estimated 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012
Hangar Rentals	\$205,227	\$200,251	\$195,276	\$200,158	\$205,162	\$210,291	\$215,548	\$220,937	\$226,460	\$232,122	
Terminal Rentals	98,976	100,835	78,672	80,639	82,655	84,721	86,839	89,010	91,235	93,516	
Ground Rentals	433,232	440,368	482,137	486,959	634,356	704,770	711,818	762,147	769,769	777,467	
Control Tower Rentals	28,827	47,225	38,324	39,857	41,451	43,109	44,834	46,627	48,492	50,432	
Permits	10,250	6,400	12,200	12,810	13,451	14,123	14,829	15,571	16,349	17,167	
Gross Income Fees	254,011	296,473	284,972	294,946	305,270	315,954	327,012	338,458	350,304	362,564	
Fuel Flowage Fees	462,375	493,801	535,938	549,336	679,726	696,719	714,137	783,230	802,811	916,390	
Landing Fees	52,698	97,309	124,458	129,437	134,614	139,999	145,598	151,422	157,479	163,779	
Utility Reimbursements	30,970	177,622	35,486	36,728	38,014	39,344	40,721	42,147	43,622	45,149	
Investment Earnings	117,578	81,863	54,812	55,909	57,027	58,167	59,331	60,517	61,728	62,962	
Miscellaneous	1,246	859	481	493	505	518	531	544	558	572	
Total Revenue	\$1,695,390	\$1,943,005	\$1,842,757	\$1,887,271	\$2,192,230	\$2,307,715	\$2,361,198	\$2,510,610	\$2,568,806	\$2,722,118	
Category	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
Hangar Rentals	\$237,925	\$243,873	\$249,970	\$256,219	\$262,624	\$269,190	\$275,920	\$282,818	\$289,888	\$297,135	\$304,564
Terminal Rentals	95,854	98,250	100,707	103,224	105,805	108,450	111,161	113,940	116,789	119,708	122,701
Ground Rentals	906,977	916,047	925,207	934,459	943,804	1,048,566	1,059,052	1,069,642	1,080,339	1,091,142	1,212,259
Control Tower Rentals	52,449	54,547	56,729	58,998	61,358	63,812	66,365	69,019	71,780	74,651	77,637
Permits	18,025	18,926	19,873	20,866	21,909	23,005	24,155	25,363	26,631	27,963	29,361
Gross Income Fees	375,254	388,388	401,982	416,051	430,613	445,684	461,283	477,428	494,138	511,433	529,333
Fuel Flowage Fees	1,005,051	1,030,177	1,055,931	1,082,330	1,222,591	1,253,155	1,284,484	1,316,596	1,349,511	1,511,328	1,549,111
Landing Fees	170,330	177,143	184,229	191,598	199,262	207,232	215,521	224,142	233,108	242,432	252,129
Utility Reimbursements	46,729	48,364	50,057	51,809	53,622	55,499	57,442	59,452	61,533	63,687	65,916
Investment Earnings	64,222	65,506	66,816	68,152	69,515	70,906	72,324	73,770	75,246	76,751	78,286
Miscellaneous	586	601	616	631	647	663	679	696	714	732	750
Total Expenses	\$2,973,400	\$3,041,822	\$3,112,115	\$3,184,337	\$3,371,750	\$3,546,163	\$3,628,386	\$3,712,868	\$3,799,677	\$4,016,962	\$4,222,047

Source: City Records (2002-2004)
PB Aviation (2005-2022)

collect fuel flowage fees of \$0.07 per gallon from the FBOs and \$0.13 from other Airport users.

Ground rentals are the Airport's second largest revenue source. A review of the Airport's current ground leases indicates that the majority of ground leases are planned for renewal in the last six months of 2006 through the first six months of 2007. As a result, ground leases are projected to increase in 2007 and every five years thereafter at the projected inflation rate.

The remaining revenue categories (terminal rentals, control tower rentals, permits, gross income fees, landing fees, and utility reimbursements) are projected to increase with inflation. In addition, there are several privately funded projects that are projected to further increase certain revenue streams. These projects, as well as their impacts on the revenue projections are described in detail in the following bullets.

- A local corporation is planning to relocate its corporate facilities at the Airport. This project will be privately funded by the tenant. Therefore, the estimated capital costs are not included in this analysis. This relocation will result in additional ground rentals at the Airport. As a result, the projected ground rentals for 2006 have been adjusted to reflect the incremental revenue as a result of this project. However, to be conservative, it is not assumed that the City is able to lease Proctor and Gamble's existing facilities at the Airport.
- There are also plans to increase the T-hangar facilities at the Airport. When this project is complete, it will result in approximately 100 additional T-hangars at the Airport. Under the proposed agreement structure, there will be additional ground rentals as a result of this project. It is estimated that the project will be completed in three phases with a portion being completed in 2006, 2009, and 2012. As a result, ground rentals have been increased in those years to reflect the impacts of this project. It is assumed that approximately 4.13 acres will be leased with each phase of this project.

In addition to the T-hangars, a self-service fueling facility will be constructed as part of this project. As a result, it is also expected that fuel consumption will increase resulting in additional fuel flowage fees. To be conservative, it is estimated that the City will collect the FBO fuel flowage fee from this facility. Therefore, there are additional incremental increases projected in fuel consumption for 2006, 2009 and 2012 for the initiation of each of the three phases of this project.

7.6 Application of Revenues

Combining the operating expense and revenue projections developed in the preceding sections, **Table 7-7** presents the application of revenues for the projection period. Specific assumptions utilized to develop this table are as follows:

- Airport revenues are combined to develop total revenues available in each year.
- Net revenues are equal to total revenue less operating expenses.
- Net remaining revenues represent the amount of funds remaining after payment of any capital expenditures as described in Section 7.2.

As shown, the ending fund balance fluctuates during the projection period. However, the cumulative result is a positive balance in the Airport's fund at the end of Phase II and Phase III of the CIP (2011, and 2022).

7.7 Findings

This section summarizes the principle findings with respect to the financial implications of the CIP presented in Section 7.2. Based upon the assumptions and limitations underlying this feasibility analyses, the following findings are presented.

- The Master Plan Update improvements are projected to be financially feasible. The Airport is projected to be financially self-sufficient and adequate funds are projected to be available to complete the CIP.
- The proposed improvements are assumed to be completed with a portion of the funding being provided with FAA discretionary grants. Should the projected level of discretionary funding not be received, the City may have to re-evaluate the phasing of the CIP.

TABLE 7-7 Cincinnati Municipal Airport-Lunken Field APPLICATION OF REVENUES													
	Projected 2005	Projected 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011						
Beginning Fund Balance	\$820,890	\$361,789	\$50,202	\$72,054	(\$133,325)	(\$67,326)	(\$10,110)						
Revenues	\$1,887,271	\$2,192,230	\$2,307,715	\$2,361,198	\$2,510,610	\$2,568,806	\$2,722,118						
Expenses	(1,774,102)	(1,845,066)	(1,934,359)	(2,011,733)	(2,092,202)	(2,175,890)	(2,262,926)						
Operating Revenue	\$113,169	\$347,164	\$373,357	\$349,466	\$418,408	\$392,916	\$459,192						
Master Plan CIP	(92,270)	(338,751)	(36,505)	(229,845)	(22,308)	0	0						
Capital Allowances	(480,000)	(320,000)	(315,000)	(325,000)	(330,100)	(335,700)	(208,200)						
Dep (W/D) to Airport Fund	(\$459,101)	(\$311,587)	\$21,852	(\$205,379)	\$65,999	\$57,216	\$250,992						
Ending Fund Balance	\$361,789	\$50,202	\$72,054	(\$133,325)	(\$67,326)	(\$10,110)	\$240,883						
	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022		
Beginning Fund Balance	\$240,883	(\$372,414)	(\$714,409)	(\$408,053)	(\$204,861)	\$149,296	\$464,088	\$780,791	\$1,138,147	\$1,300,726	\$1,314,778		
Revenues	\$2,973,400	\$3,041,822	\$3,112,115	\$3,184,337	\$3,371,750	\$3,546,163	\$3,628,386	\$3,712,868	\$3,799,677	\$4,016,962	\$4,222,047		
Expenses	(2,372,588)	(2,467,492)	(2,566,191)	(2,668,839)	(2,775,593)	(2,886,616)	(3,002,081)	(3,122,164)	(3,247,051)	(3,376,933)	(3,512,010)		
Operating Revenue	\$600,812	\$574,330	\$545,924	\$515,498	\$596,158	\$659,546	\$626,306	\$590,704	\$552,626	\$640,029	\$710,037		
Master Plan CIP	(1,005,909)	(708,125)	(31,367)	(104,106)	(33,801)	(136,555)	(101,402)	(25,148)	(181,848)	(417,777)	(1,720,541)		
Capital Allowances	(208,200)	(208,200)	(208,200)	(208,200)	(208,200)	(208,200)	(208,200)	(208,200)	(208,200)	(208,200)	(208,200)		
Dep (W/D) to Airport Fund	(\$613,297)	(\$341,995)	\$306,357	\$203,192	\$354,157	\$314,792	\$316,703	\$357,356	\$162,578	\$14,052	(\$1,218,704)		
Ending Fund Balance	(\$372,414)	(\$714,409)	(\$408,053)	(\$204,861)	\$149,296	\$464,088	\$780,791	\$1,138,147	\$1,300,726	\$1,314,778	\$96,074		

Source: PB Aviation

With regard to the actual timing and funding of the Airport improvements, it must be emphasized that the actual implementation of certain projects will be based on actual activity growth and the Airport's actual financial circumstances at the time of implementation. These analyses only serve to demonstrate that a reasonable expectation can be made that the program is feasible.